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FDIC - San Francisco Regional Office
Regional Director John F. Carter
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105
Attention: Comments/Legal ESS

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America's Community
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Re: Application of Wal-Mart Bank for Federal Deposit Insurance

Dear Mr. Carter:

The American Bankers Association and America's Community Bankers are writing in response to the application to the Federal Deposit Insurance Corporation ("FDIC") by Wal-Mart Stores, Inc. ("Wal-Mart"), through its wholly-owned non-operating subsidiary, Broadstreet Financial Services, Inc., for federal deposit insurance for a proposed Utah industrial bank, Wal-Mart Bank, to be established in Salt Lake City, Utah. At the outset, the ABA and ACB wish to make clear that we do not ordinarily comment on the applications of individual organizations. This application, however, presents unique and important issues for the financial services industry in general, and depository institutions in particular. It raises the question of whether commercial firms should be permitted to organize and control depository institutions.

In evaluating this application, it is important to note that Congress has on several occasions established clear limitations on the separation of banking and commercial firms. Most recently, Representatives Paul Gillmor and Barney Frank have crafted legislative language that would prohibit industrial banks that are controlled by "commercial firms" from exercising certain new powers to be granted by Congress. Specifically, this language defines as a "commercial firm" any company that obtains on a consolidated basis more than 15 percent of its gross revenues from activities that are non-financial in nature. The ABA and ACB strongly support this legislative language. Similarly, in 1999, Congress acted to place similar limitations on unitary savings and loan holding companies in the Gramm-Leach-Bliley Act.


This spring, the Gillmor-Frank language was included in H.R. 1224, the "Business Checking Freedom Act of 2005," that overwhelmingly passed the House. H.R. 1224 would prohibit commercially controlled industrial banks from offering interest bearing business checking accounts. This legislative language is also included in H.R.

3505, the "Financial Services Regulatory Relief Act of 2005," and would prohibit interstate branching by commercially controlled industrial banks.


The ABA and ACB believe that the FDIC should factor the clear, basic framework contained in the Gramm-Leach-Bliley Act, and currently under consideration in Congress in H.R. 1224 and 3505, into its review of Wal-Mart's application, as part of the general consideration of safety and soundness concerns. Certainly, there should be no approval by the Corporation without formal delineation of the conditions of the limited-purpose business plan that Wal-Mart Bank is reported to have. One of those conditions must be that any change in the business plan requires advance approval by the FDIC, which should permit any such subsequent changes only when consistent with current law and safety and soundness considerations. Further, the FDIC should ensure that any activities in which Wal-Mart Bank may seek to engage are strictly in accord with the structure of the Gillmor-Frank legislative language and explicitly prohibit Wal-Mart Bank from offering interest-bearing business checking accounts or branching universally outside of Utah.

If you have questions about this comment, please contact the undersigned.

Sincerely,



James D. McLaughlin
Director, Regulatory and
Trust Affairs
American Bankers Association



Charlotte M. Bahin
Senior Vice President,
Regulatory Affairs
America's Community Bankers